



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: February 12, 2009

TO: Members of the Budget and Finance Committee
Members of City Council

FROM: Mary Lewis, Chief Financial Officer *Mary Lewis*

SUBJECT: Proposed General Fund User Fee Policy

In consideration of the Kroll Report recommendation that "activities supported by user fees should be fully cost recoverable," and subsequent City Council direction, City staff has prepared a User Fee Policy which incorporates guidelines and recommendations of the Government Finance Officers Association, National Advisory Council on State and Local Budgeting, and Federal Government Office of Management and Budget Circular A-87.

If approved by City Council, the proposed User Fee Policy will allow the City to identify the full cost of services for activities that charge user fees in order to develop target cost recovery rates. This policy will replace City Council Policy 100-05; will allow the City to bring existing fee levels in-line with service costs to ensure that all reasonable costs incurred in providing these services are being recovered; and will ensure that a rate book of current fees will be regularly updated and maintained in an accessible manner for public access.

The proposed User Fee Policy, if approved by City Council, will incorporate all essential components such as user fee review requirements, methodology and factors for setting fees, rationale for different levels of cost recovery, stakeholder input, and availability to the public. One of the key components of the User Fee Policy is to allow the City to review and update fees on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery.

This proposed User Fee Policy will include guidelines for the City General Fund. This proposed policy will not include guidelines for the City enterprise funds as user fees in enterprise funds will be recommended by each responsible enterprise fund department.

The City's Administrative Regulations related to user fees will be revised accordingly based on the guidelines provided in the proposed User Fee Policy.

Mary Lewis
Chief Financial Officer

cc: Honorable Mayor Jerry Sanders
Honorable Members of the City Council
Jay M. Goldstone, Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Tracy McCraner, Acting City Comptroller
Eduardo Luna, City Auditor
Nader Tirandazi, Financial Management Director